

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON CORRECTIONS AND PUBLIC SAFETY**

**Call to Order:** By **CHAIRMAN TIM CALLAHAN**, on February 8, 2005 at 8:00 A.M., in Room 317-A Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Tim Callahan, Chairman (D)  
Sen. Trudi Schmidt, Vice Chairman (D)  
Sen. Keith Bales (R)  
Rep. Ray Hawk (R)  
Rep. Cynthia Hiner (D)  
Rep. John E. Witt (R)

**Members Excused:** Sen. Steven Gallus (D)

**Members Absent:** None.

**Staff Present:** Brent Doig, OBPP  
Shannon Scow, Committee Secretary  
Shane Sierer, Legislative Branch

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: HB 2; Department of Military  
Affairs  
Executive Action: None

**CHAIRMAN CALLAHAN** called the meeting to order.

**Hearing: Department of Military Affairs**

***{Tape: 1; Side: A; Approx. Time Counter: 0 - 12}***

**General Randy Moseley, Adjutant General of the Army National Guard**, stated that the Department of Military Affairs comprises all divisions that were presented yesterday: Army and Air National Guard, Youth Challenge Program, Veterans' Affairs, Facility Support, Centralized Services, and Disaster and Emergency Services. Today, the Department of Military Affairs will present the Committee with a brief summary on budget issues. He explained that of the budget requests, there is a minimal increase in the General Fund. Most spending authority requested is for Federal funds. He added that since September 11, 2001, 80% of the Air National Guard and 70% of the Army National Guard have served on federal active duty.

**General Moseley** then highlighted issues explained throughout the Legislative Fiscal Division (LFD) budget analysis, beginning on Page D-56. He first brought to the attention of the Committee that Governor Martz eliminated the scholarship program for soldiers. This has a significant impact on recruitment, which is already tough because of the war. The State already has to compete with surrounding states for soldiers, some of which provide 100% tuition assistance. Governor Schweitzer re-implemented the scholarship program, but the language is changed. The language eliminates the ability to bring in new soldiers with the scholarship program; it is only in support of returning soldiers that have been deployed. The Governor's Budget Office has agreed to strike that language.

He reiterated that 75% of the budget increases are Federal funds. Fifteen percent are State Special funds and ten percent come from the General Fund. The general funds are only for fund matches. He then asked the individual division administrators to provide a brief summary of their budget requests.

**Discussion:**

***{Tape: 1; Side: A; Approx. Time Counter: 12.1 - 23.8}***

**SEN. SCHMIDT** asked if General Moseley had the language of the scholarship program in writing. **General Moseley** replied that the scholarship program can be found on Page 25 of the Governor's budget.

**CHAIRMAN CALLAHAN** asked for confirmation whether that part of the scholarship language will be stricken. **General Moseley** responded that it will be stricken because the current language is limited to just those returning from overseas and not to recruits.

**SEN. BALES** referred to a statistic provided by General Moseley that the Guard is 50% on target for recruiting but General Moseley was saying that other states were at 100%. He inquired why this is occurring. Also, he stated that Montana has a large percent of Army and Air National Guard for the population. He was wondering if this higher percentage is a reason for the discrepancy in recruitment as stated above. **General Moseley** explained that recruitment of new soldiers is already difficult, due to the deployment of soldiers to global warfare areas. He stated that the scholarship program is integral for recruitment because Montana's Guard cannot compete with states such as North Dakota that have a much higher level of tuition assistance.

**General Moseley** continued, stating that the force structure in the military is not designed for the current wars of terrorism that are occurring. The force structure is designed for conflicts such as the one experienced with Russia. Now Montana forces are being used as a primary source. He stated that the National Guard is working on changing units that are no longer relevant so the Guard can have the necessary activation quickness.

**SEN. BALES** inquired about how concerned the Department is that the recruitment quota won't be filled, since recruitment occurs from October to October and the need is already 59% fulfilled. He hypothesized that recruitment following high school graduation would be successful. **General Moseley** replied that the primary time for recruitment is October to March because high-schoolers are making post-graduate plans. Recruitment after graduation is nearly impossible because the National Guard is not able to recruit one-on-one.

**SEN. SCHMIDT** asked if the scholarship program was still on for two-year programs. **General Moseley** responded that the scholarships can be used for both four-year and two-year programs.

*{Tape: 1; Side: A; Approx. Time Counter: 24.4 - 26.2}*

**Karen Revious, Central Services Division Administrator**, explained that Central Services is responsible for the management of other divisions. The Division is funded 70% General Fund and 30% Federal Funds. Ninety-five percent of the budget is spent on

personnel services. The increases to their base budget is for present law adjustments on fixed costs.

***{Tape: 1; Side: A; Approx. Time Counter: 26.3 - 31}***

**Reid Lund, Administrator of the Youth ChalleNGe program,** is asking for a \$1.1 million supplemental appropriation over the biennium. The Federal Budget has been flat lined since 2003. Last year, they gave the program some funds and included that they were going to roll back the state split to 25-75. However, this language did not make it into the appropriations bill. He is confident that the language and the money will be appropriated over the next three years to roll back the state split. If this does occur, the program will continue to survive. He reminded the Committee that money spent in this program saves the state in adult secure care later in life. He also reminded the committee that this program helps in recruiting for the National Guard system, since graduates are often motivated to maintain their lifestyle of purpose. The Youth ChalleNGe Program is requesting from the Committee DP 2, appropriation for a part-time teacher. This is explained on Page D-162 of the LFD budget analysis.

**Public Comment**

***{Tape: 1; Side: B; Approx. Time Counter: 0 - 3}***

**Bill Tash, SD 36,** informed the Committee that he has attended multiple graduations of the Youth ChalleNGe Program. He stated that he has seen the pride in the eyes of the graduates; completion of the program is often the only thing in which the youth has succeeded. These youth can receive good scholarships upon graduation and have formed a solid relationship with the University of Montana Western. He concluded by emphasizing the cost effectiveness of the program.

***{Tape: 1; Side: B; Approx. Time Counter: 3 - 4.2}***

**Debbie Shea, former school teacher,** commented that she taught school for 26 years and saw a number of youth pass through the Youth ChalleNGe Program. She stated that she has never seen as successful a program; it really opens up opportunities for the youth to be productive services. She encouraged the committee to continue their support of this program.

***{Tape: 1; Side: B; Approx. Time Counter: 4.2 - 6.5}***

**Tom Yahraes, University of Montana Western campus,** presented to the Committee the campus perspective of the Youth ChalleNGe

Program. The youth in this program use the same buildings, eat the same food and use the same facilities as the students. They truly are a part of the campus community. A mutual respect has formed between the students and campus members. He encourages the committee to continue supporting the Youth Challenge Program.

***{Tape: 1; Side: B; Approx. Time Counter: 6.6 - 7.3}***

**Debbie Barrett, HD 72**, stated that she has watched the Youth Challenge Program throughout the years. The parents and grandparents of graduates thank this program for the students' lives. She stated that Montana needs the program and asked the Committee for continued support.

***{Tape: 1; Side: B; Approx. Time Counter: 7.6 - 9.9}***

**John Nugent, Executive Director of the Montana Youth Challenge Foundation**, informed the Committee that since the program was established in 2001, the foundation has solicited private funding for scholarships, apprenticeship training and recruited voluntary mentors for the graduates. He added that the foundation recently received a grant to produce a video on Youth Challenge. He hoped for continued support with the program.

#### **Department of Military Affairs Programs**

**General Moseley** returned to the scholarship program DP, which is outlined on Page D-163 of the LFD budget analysis. He explained that it is as stated earlier with the language amendment. This is a one-time-only general fund appropriation for \$250,000 over the biennium.

***{Tape: 1; Side: B; Approx. Time Counter: 12.1 - 18.8}***

**Roger Hagan, Officer and Enlisted Associations of Montana National Guard**, explained that this association was formed in 1997 because they believed more was needed in scholarship money to offer recruits that the Federal agencies could not provide. He believed that Montana should put forward more money towards the State's recruits because the soldiers take a double oath to the Governor and to the President. This association has been successful in obtaining appropriation for the purpose of more scholarship funds for the last three legislative sessions. He suggests that the Committee support this appropriation as a biennial appropriation, so there is flexibility to award scholarships when soldiers return from abroad. He added that out of 54 states and territories, 51 offer scholarships for soldiers. Twenty-one of the 51 offer full tuition. In order to maintain

recruitment and retention, the scholarship program must be supported.

***{Tape: 1; Side: B; Approx. Time Counter: 19 - 25.3}***

**Colonel Stan Putnam, Assistant Adjutant General of the Montana Army National Guard**, informed the Committee that the Army National Guard is located in 23 communities across Montana. They have the authorization for 3,293 soldiers; currently there are 2,420 positions filled. The current force structure will already be reduced. If the Montana National Guard doesn't recruit at least 100 more soldiers, the Guard will have to lay off even more part-time support positions. Any assistance in recruitment is needed. He reiterated that the National Guard is a changing force. Montana was previously a strategic reserve, but now 56% of Montana's soldiers are on Federal active duty.

The budget request for the Army National Guard is a \$2.8 million biennial adjustment. This is only 2% General Fund, 4% State Special Revenue, and 94% Federal Fund spending authority. The biggest issue for state dollars is for facility maintenance, facilities that are used for soldier training.

***{Tape: 1; Side: B; Approx. Time Counter: 25.3 - 27.5}***

**Ralph DeCunzo, Army National Guard Facilities Program Manager**, added that the employees that maintain these facilities are 100% federally funded. They maintain \$1.8 million square feet of buildings for the National Guard. He stated that the facilities program has had an economic impact in Montana of \$40 million through creating jobs and buying materials for construction.

***{Tape: 1; Side: B; Approx. Time Counter: 27.5 - 29.5}{Tape: 2; Side: A; Approx. Time Counter: 0 - 4.4}***

**Chris Denning, Facilities Office Administrator**, is responsible for all National Guard facilities. Most of these facilities are nearly all federally funded. He then outlined decision packages (DPs) for this division, beginning on Page D-166 of the LFD budget analysis. DP 3, utility funding for new buildings is split between State and Federal funds. DP 4 supports janitorial services at the new facilities. DP 5 is for two additional FTEs for building maintenance because the existing staff is stretched over more square footage than any other comparable staff. DP 6 is for janitorial service at existing locations. The last two DPs relating to this division are DP 11, range maintenance employee and DP 15 increased spending authority for Federal funds. He added that DP 11 is 100% federally reimbursed.

**John Wheeler, Army Environmental Program Administrator**, pointed to Page D-168 of the LFD budget analysis for the first of this Division's DPs. DP 13 is additional spending authority for federal funds.

**Colonel Putnam** returned to DP 9 on D-167. This DP would continue implementation of shared usage of distance learning sites. Funds charged would go towards facility maintenance. The distance learning classroom locations are shown in Exhibit 1. This appropriation is also 100% Federally funded. He explained the usage of the locations, including new technology that has been added to the distance learning sites so that all 26 systems can be brought up at once with a video bridge. He commented that the Guard has not been proactive in their shared usage. This DP would complete this process. The draft rate schedule is on Exhibit 1, Page 2. He then explained that DP 14 is for additional spending authority to maintain the communications network.

**EXHIBIT(jch31a01)**

***{Tape: 2; Side: A; Approx. Time Counter: 15 - 18}***

**Colonel Brad Livingston, Air National Guard**, reminded the Committee that there are 1,000 members within the Air National Guard, primarily in Great Falls. He stated that the Montana Air National Guard has the capability of flying the most advanced aircraft in the Air Force. Since September 11, 2001, they have deployed over 900 air guardsmen overseas.

***{Tape: 2; Side: A; Approx. Time Counter: 18 - 20.4}***

**Major Corey Halverson, Base Civil Engineer for Montana Air National Guard**, explained that there are two DP's relating to the Air National Guard. DP 10 is for firefighter overtime, which is supported through Federal funds. DP 12 is for air guard security due to post-September 11, 2001 security requirements; this is also Federally funded.

***{Tape: 2; Side: A; Approx. Time Counter: 20.4 - 31}{Tape: 2; Side: B; Approx. Time Counter: 0 - 2}***

**Dan McGowan, Disaster and Emergency Services Administrator**, reiterated that September 11, 2001, changed the way the State handles their military with the formation of the Homeland Security Department. He stated that they serve all of Montana and its tribal nations. He is asking the committee to approve their base budget and present law adjustments. He explained that

all general fund requests are all matched funds. The Federal funds come from the Homeland Security grant program. This includes the Homeland Security Grant Program, the Law Enforcement Terrorist Prevention Program, and the Citizens War Council. The grant guidance is very specific for how this money is used.

He then outlined the challenges facing Disaster and Emergency Services. One challenge is that now the emergency management performance grant is under the Department of Homeland Security, which is on a 30 year cycle. This switch in funding source means added stipulations for grants. In this case, only 25% of the grant could be used for personnel services, which greatly affects the local level jurisdiction. Another challenge is expenditure restrictions. He explained that since the Division is funded through Federal funds, they are dealing with two different funding timetables between the Federal and State Government. Finally, there is uncertainty of Federal funds because the division does not know what Homeland Security will fund.

The LFD issue with Disaster and Emergency Services questions whether the Division should use the legislative process to administer and appropriate funds or if the executive amendment process should be used. He stated that he would prefer the executive amendment process because the time lines in funding is not synchronized. Exhibit 2 shows disparity in funding due to the lack of funding time table coordination. He added that at least 80% of the funds obtained go to the local and tribal level. The local committees determine the use.

**EXHIBIT(jch31a02)**

**Discussion:**

***{Tape: 2; Side: B; Approx. Time Counter: 2 - 17}***

**REP. WITT** stated that in fiscal year (FY) 2003, there was a supplemental appropriation of \$14 million. He asked for further history on supplemental appropriations in other FY's. **Mr. McGowan** replied that from 1999 until 2005, the Division will have administered approximately \$60 million in Homeland Security Grants. The break down of spending-per-year is as follows:

- \*\$500,000 in 1999
- \*up to \$800,000 in 2002
- \*about \$20 million in FY04
- \*about \$13 million in FY05.



**General Moseley** referred the Committee to Exhibit 2 from February 7, 2005. There is a list in dollars for Homeland Security Grants per year in the center of this brochure.

**SEN. SCHMIDT** asked Mr. McGowan to explain more about the break down of funding, commenting that 80% of the funds go to local and tribal and 20% of the funds go to the State. **Mr. McGowan** distributed Exhibit 3, which shows the distribution of these funds through the various levels. He explained that the Disaster and Emergency Services (DES in Exhibit 3) funds were used for temporary hires.

**EXHIBIT(jch31a03)**

**SEN. SCHMIDT** inquired about what projects were funded with these dollars. **Mr. McGowan** named a few of the projects funded through these dollars, including farm terror help, the intelligence center, and preparing universities for disaster preparedness.

**SEN. SCHMIDT** inquired if Mr. McGowan anticipates the same level of spending over the next biennium. **Mr. McGowan** replied that he does not yet know about Homeland Security Grant spending for FY06 and FY07. The Division was just informed of their FY05 funding.

**SEN. SCHMIDT** asked if some programs that were funded by general funds are now taken up by the Disaster and Emergency Services. **Mr. McGowan** stated that the Division's general funding has generally been about \$450,000. It has stayed within that range.

**CHAIRMAN CALLAHAN** rephrased the question posed above by SEN. SCHMIDT, "Are Homeland Security Grant funds now used for purposes that were previously funded by the General Fund?" **Mr. McGowan** confirmed this statement. Planning, training and implementing the emergency plan is now all Federally funded.

**CHAIRMAN CALLAHAN** asked, "After the local and tribal governments hand in a grant proposal, does Disaster and Emergency Services have to determine who gets the funding?" **Mr. McGowan** replied that there is a 17 member board that is the Homeland Security Task Force. This board establishes the priorities for each FY grant cycle. These priorities go to the State Administrative Agency, then to the Governor, then they submit the application. This all occurs under a tight time line because the whole process cannot be started until they get grant guidance.

**CHAIRMAN CALLAHAN** inquired about the timing of money. He asked, "When funds arrive, will they be expended in this biennium? If the Division is getting a budget amendment from the Governor for

the next biennium, then could the approval be obtained through the legislative process?" **Mr. McGowan** said that spending is difficult to predict because the FY05 grants will not be spent until FY06.

**{Tape: 2; Side: B; Approx. Time Counter: 17 - 27}**

**Joe Foster, Montana Veterans' Affairs Division Administrator**, stated that the Veteran Affairs Division has a significant impact on veterans and their families. He explained that 17 of 22 FTE of the division are Veteran Services Officers that help to find benefits for which the veterans are entitled. The Division also supports a veterans' cemetery program that is backed by a strong budget and advice on the Board of Veteran Affairs.

This division is requesting three DPs, beginning on D-175 of the LFD budget analysis. DP 7 is for FTE to support the veterans' cemetery at Miles City, Eastern Montana Veterans' Cemetery. This FTE will replace two contracts that are currently in place which support maintenance. DP 8 is for continued cemetery maintenance, which provides for unanticipated maintenance. DP 16 is for the purchase of a mobile service van, similar to the one pictured in Exhibit 4. This van would upgrade outreach programs and make them available year round. This is funded from the State Veterans' Service Special Revenue.

**EXHIBIT(jch31a04)**

**{Tape: 2; Side: B; Approx. Time Counter: 27 - 28.7}**

**Colonel Jim Jacobson, United States Army Retired, American Legion member**, stands for the Veteran Affairs DPs. He stated that no general fund money is needed to fund the requests. The programs are provided from veterans taking care of veterans through license plate sales. He added that he and the American Legion stands with the Department of Military Affairs fully because many of these soldiers will one day be members of the American Legion.

**{Tape: 2; Side: B; Approx. Time Counter: 28.8 - 30}{Tape: 3; Side: A; Approx. Time Counter: 0 - 2.4}**

**Roger Hagan** stated that the Officer and Enlisted Association of Montana National Guard also stands in full support of the veteran affairs budget. Looking towards the future, there are a number of soldiers overseas who will need support. He informed the Committee that an additional service for veterans is a Veterans' Nursing Home Account that is managed by the Department of Public Health and Human Services (DPHHS), funded by a cigarette tax.

This funds two different nursing homes for veterans, one in Columbia Falls and one in Glendive. He asked the Committee to consider that reaching such services has been difficult for veterans who are not geographically close. He asked the Committee to consider funding for an interim study on veteran needs and demographics.

**Closing Comments and Questions**

***{Tape: 3; Side: A; Approx. Time Counter: 2.4 - 17}***

**General Moseley** stated that every program within the Department of Military Affairs has a service ambition. The individuals that serve within the Department truly believe that their jobs are important and the clientele that are served are important. He asked for support from the Committee for Department of Military Affairs appropriations.

**SEN. BALES** first commented to Mr. Foster that he appreciates finding funding for Veterans' Affairs vans. He stated that he got notice of a bill draft that was to ensure the vans would have full funding. In regards to the funding he asked, "Is there sufficient funding for vans that won't hurt other programs?" **Mr. Foster** replied that there is adequate funding for the vans which will not take away from other programs.

**SEN. BALES** inquired if the Board of Veterans' Affairs will be able to spend money on the vans without a DP. **Mr. Foster** explained that there is already a Veterans' Affairs appropriation and money can be distributed to the relevant agencies through grants.

**SEN. SCHMIDT** asked for a summary on the Legislative Audit Division's findings on the Youth ChalleNGe Program.

**Angus Maciver, Legislative Audit Division**, informed the Committee that the audit process on the Montana Youth ChalleNGe Program is not yet complete. There is not yet a full report, but there is a memorandum available with the facts behind the findings. However, he can comment on general findings. He explained that the audit studied the expenditures, program costs, teacher/student ratios, success rates, treatment data, socioeconomic characteristics, gender and ethnicity ratio, graduation rates, and post-residential placement. To summarize the audit, he stated that the audit shows that the program is functioning effectively with just a few management issues. **SEN. SCHMIDT** asked for a copy of the memorandum, which will be supplied by Mr. Maciver.

**SEN. SCHMIDT** asked for further information on the mentor program, noting the statistic that the program has 97% of their graduates paired with mentors. **Mr. Lund** affirmed that the above statistic is true, although the program strives for 100%. He added that a national study was done on the Youth ChalleNGe mentoring programs. This study gave honors to the program as the best mentoring program in the nation. The Montana mentor program is for 12 months, with one meeting weekly. However, the mentors are usually someone that knows the family well, so it is more like a lifetime of mentoring.

**SEN. SCHMIDT** referred to the statistic that says 25% of graduates are females. She inquired about how many females enter the program. **Mr. Lund** replied that the rate of representation for males, females and minority groups usually decline at the same rate.

#### **LFD Issues**

**CHAIRMAN CALLAHAN** asked Mr. Sierer for any LFD issues relating to the Department of Military Affairs budget requests.

**Mr. Sierer** began on Page D-159 of the LFD budget analysis for the Centralized Services Division. He stated that this division has no DPs, just inflationary costs. Page D-162 shows DP 2 for the Youth ChalleNGe Program. This DP is taking a modified position that has existed, and turns it into a permanent FTE. He noted that for the Montana National Guard, the scholarship program request has changed since the LFD book was published. It will be presented to the Committee in executive action as modified with the contingency language stricken.

**Mr. Sierer** asked for additional clarification on this DP, stating that the Governor Schweitzer language indicates two-year programs as eligible. General Moseley indicates that four-year programs are also eligible. He inquired whether the scholarship program would also include training programs. He also commented that the highest funding needed previously has been \$185,000. He stated that there is a possibility for the Committee to lower the appropriation to \$200,000 instead of \$250,000.

**General Moseley** stated that the larger appropriation is requested because a number of soldiers will be returning from overseas. He stated that he also wants to make the money available for a wider variety of schools. **Mr. Lund** added that as a Vietnam veteran and retired General, he does not believe it is asking too much to pay returning veterans for their service.

**CHAIRMAN CALLAHAN** commented that budgetary issue caps may cause this appropriation to decrease slightly, but the program is still highly valued.

**Mr. Sierer** explained that the next LFD issue has to do with DP 9 on D-167 of the LFD budget analysis for the distance learning spending authority. He explained that this will give the Division the authority to funnel this money back to the Federal Government for their share of the shared usage. The issue is that the Department of Military Affairs needs to provide some guidance for the distance learning network.

The next decision package for which Mr. Sierer provided comment was DP 10 on Page D-170. He explained that this DP for firefighter overtime is a zero-based item. DP 12 is needed because there is now a requirement after September 11, 2005, for two security officers to be on shift at all times. This is 100% Federally funded.

He stated that there are no DPs for Disaster and Emergency Services. The LFD issue is as stated earlier, because of the disparity in funding time lines, they get most of their appropriation through budget amendments. Last year, \$50 million came into the Department of Military Affairs from Homeland Security. Fifty million more dollars came in through the economic funds; essentially \$100 million came in over the last biennium without any oversight or appropriation power. He has provided the Committee with options regarding this issue on Page D-172. He added another option, which would require the Disaster and Emergency Services to report to the interim Legislative Finance Committee.

**Mr. Sierer** stated that in regards to Veterans' Affairs, the LFD issue on Page D-176 states that it appears unlikely that \$10,000 a year will be available for maintenance of the Eastern Montana Veterans' Cemetery.

**Mr. Foster** replied that he understands the analysis done by the LFD and in response would ask to move this spending authority from the Eastern Montana donations to the plot allowance fund for the Montana State Veterans' Cemetery.

**CHAIRMAN CALLAHAN** asked if the Veterans' Affairs Division has a proposal for the funding switch, or if that could be done directly through the budget office. **Mr. Sierer** responded that he will bring in the DP tomorrow with the funding switch. He added that the account to which the appropriation will be transferred

does have a structural imbalance that would absorb an additional \$10,000 a year.

**CHAIRMAN CALLAHAN** inquired about what would have happened if the Committee had approved the funds as they were originally proposed. **Mr. Foster** replied that spending authority would have been moved to the account with available funds.

**Mr. Sierer** explained that the LFD has no issue with the final DP, DP 16 on Page D-176.

**REP. HAWK** asked where the money will come from to fund the mobile veterans service van in DP 16. **Mr. Sierer** responded that the funds come from a vehicle registration fee. **CHAIRMAN CALLAHAN** added that Page D-174 of the LFD budget analysis gives further detail.

**Roger Hagan** wanted to further clarify to the Committee the scholarship program. He stated that he would resist a one-time-only expenditure because the funds need to be put in the base budget to ensure stability of the program. Soldiers are recruited for a six-year term of service and need to see that the scholarship program would remain intact for the end of their service. The program was not included in the base budget in 2003 and this put the recruiters in a bad situation because they could not offer the benefits to the soldiers. He added that although these funds have not been completely exhausted in the past, he has heard from soldiers that have been put on the wait list.

**Mr. Sierer** commented that this appropriation has historically been one-time-only and biennial. The year 2000, is the only year where the \$250,000 has been expended fully.

**General Moseley** added that there has been no indication by Governor Martz or Governor Schweitzer that this appropriation would be one-time-only this time.

**CHAIRMAN CALLAHAN** inquired, "In terms of allocation of funds, what happens if the funds are not fully utilized by someone that the Guard had anticipated would participate?" **Mr. Hagan** responded that from what he understands, a scholarship recipient can sign-up for the fall semester or the fall and spring semester. The funds are not paid on the front end upon registration, but instead on the back end upon successful completion of the semester. When the soldier applies, the fund is reserved. The National Guard can only guarantee funds for two years due to the appropriation process. If the recipient does not complete the semester or maintain their academic standards,

their reward is not received. There is not enough time to now use this money towards another scholarship for a soldier that was turned down. This could be problematic, but the Department decided to pay after the fact so they were not involved in a collection process if the student did not complete the semester.

**SEN. SCHMIDT** asked if each person gets \$500 a semester. **Mr. Hagan** confirmed that the recipient does get \$500 if they have enrolled in 12 or more credits.

**CHAIRMAN CALLAHAN** asked for a history of scholarship usage and waiting list. **Mr. Hagan** will supply a history of scholarship usage. The wait lists, however, will not be complete because some soldiers do not apply if there is no promise that funds will be available.

**CHAIRMAN CALLAHAN** informed the Committee that executive action on the Department of Military Affairs will take place tomorrow, February 9th, at 8:00 A.M.

Exhibit 5 was distributed to the Committee for further information on the economic impact of the Montana Air National Guard.

**EXHIBIT**(jch31a05)

**ADJOURNMENT**

Adjournment: 11:00 A.M.

---

REP. TIM CALLAHAN, Chairman

---

SHANNON SCOW, Secretary

TC/ss

Additional Exhibits:

**EXHIBIT ([jch31aad0.TIF](#))**